

Internal Control Evaluation Worksheet
Procurement Card Program

Organizational Unit/Program Area: Procurement Card

Significant Activities/Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities/Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions/Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency/Effectiveness of Existing Internal Controls):
		Severity	Frequency			
To ensure that only authorized cardholders utilize a State of Michigan Procurement Card (PCard).	a) Unauthorized individuals may be issued a PCard b) Expired cards may not be deactivated or cancelled timely c) Card may be issued to an individual whose job does not require having a card d) PCard is shared with or used by unauthorized individuals			<ul style="list-style-type: none">• (a,c) Standard cardholder application with multiple levels of approval must be completed before a card is issued• (a,b,c) Central listing of all active cardholders is maintained and periodically reviewed by cardholder administrator and program staff• (b, c) Employee job descriptions are reviewed in relation to the organization’s PCard needs to determine propriety of card issuance• Policy and procedure explicitly prohibits use of card by unauthorized individuals• (d) Cards are kept in a secured location• (d) Account number is not visible on supporting documentation		
Cardholders are making beneficial authorized purchases and properly accounting for all items received/used.	a) Items prohibited by administrative policy are purchased using the PCard b) Inappropriate establishment or modification of spend limits c) “Splitting” of transactions to avoid spend limits d) Cost efficient purchases are not made e) Purchase is not needed, justified or authorized f) Payment for purchases not received			<ul style="list-style-type: none">• (a) Card transactions are rejected when used at merchants that are not part of the authorized Merchant Category code group assigned to the card• (a) Automated point of sale spend limits are established on the card: Single purchase limit Daily transaction limit # Daily spending limit \$ Number of transactions per month #• (b) Establishing limits is part of the cardholder application and are approved by supervisor• (b) Establishing/changing card limits is restricted to authorized individuals		

Significant Activities/Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities/Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions/Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency/Effectiveness of Existing Internal Controls):
		Severity	Frequency			
				<ul style="list-style-type: none">• (a,c,d) Cardholders are required to sign a “Cardholder Agreement” that states they understand their responsibilities and will adhere to PCard policies and procedures• (e) Manager/supervisor of respective organizational unit authorizes purchase• (a-f) Employees are provided training on appropriate use of PCard• (f) Receipt of good/service acknowledged by requester Documentary evidence (e.g., receiving report, transaction log) is retained to account for receipt of purchase• Acquisition services and Departmental Administrators provide listings of Statewide contracts – Currently allowed use of PCard for specific statewide contacts• (f) Items deemed inventorial are inventoried per departmental procedures		
Documentation is maintained to support all PCard transactions and prescribed PCard monitoring procedures are appropriately documented.	<ul style="list-style-type: none">a) Card holder does not retain receipt of purchaseb) Cardholder does not obtain or maintain record of approval for purchasesc) Documentation is not retained for appropriate length of timed) Monitoring procedures are not appropriately documented, resulting in inconsistent or non-performance of critical monitoring activities			<ul style="list-style-type: none">• (a, c) Procedures require all cardholders to maintain all receipts, invoices, and PCard slips for appropriate periods• (b) Documentation of cardholder “need” for the card is maintained by agency administrator• (d) Agency administrator prepares and maintains documentation that outlines monitoring efforts related to the PCard program, referencing others’ efforts and their requirement to retain appropriate documentation		

Significant Activities/Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities/Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions/Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency/Effectiveness of Existing Internal Controls):
		Severity	Frequency			
Accounting for PCard disbursements is accurate, timely and is properly classified.	a) The bill sent to the State may be inaccurate and the State may pay improper amounts b) State of Michigan pays sales tax (SOM is exempt from sales tax) c) Biweekly payment to JPMChase may be late or missed d) Amounts may be classified to improper accounts e) Sufficient funds may not be available for disbursement			<ul style="list-style-type: none">• (a,b) Review of all late fees or taxes by cardholder at point of sale and post review by supervisor• (c) DMB pays JPMChase for the entire amount due statewide and then processes those charges to each department bi-weekly using an interface program• (d) Each department is responsible for reviewing, modifying and approving default account coding assigned to each transaction and for verifying that all charges are valid• (d) Each PCard account assigned to employees has default account coding assigned to it; this account coding is applied to each transaction made through this card• (e) The interface is set up with a funds override for obtaining the amount due DMB		
Appropriate segregation of duties is maintained in the overall management of PCard. Segregation should ensure the following activities not performed by the same staff: <ul style="list-style-type: none">• Custody of asset• Authority to execute• Recording purchase activity• Reconciliation of assets to recorded amounts	a) Management has not established, communicated and maintained appropriate segregation of duties b) Plan of segregation of duties does not provide appropriate control, resulting in potential loss to State from: <ul style="list-style-type: none">• Non-beneficial purchases• Concealment of purchase for personal use• Payment for goods/services not received• Purchase of prohibited items• Inaccurate records (accounting and/or inventory)			<ul style="list-style-type: none">• (a, b) Policy/procedure issued to and widely available/ known by cardholders to augment cardholder PCard manual, outlining appropriate segregation of duties in terms of who, what and when		

Significant Activities/Objectives of Organizational Unit/Program Area:	Risk Factors Associated With Significant Activities/Objectives:	Risk Rating in an Uncontrolled Environment HI MED LO		Actions/Control Activities Intended to Address Risk Factors:	Monitoring (e.g., tests of controls, etc.):	Conclusion (Sufficiency/Effectiveness of Existing Internal Controls):
		Severity	Frequency			
Overall Conclusion/Control System Strengths and Weaknesses						

I certify that this evaluation of the *Risks, Control Activities, and the Monitoring* components of the internal control structure, for the activity defined as Procurement Card, has been conducted in a reasonable and prudent manner, and I concur with the conclusions documented above as a result of this evaluation.

Activity Level Manager Signature

Date